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ABSTRACT

Justice, Economic Dignity and Independence for Women (JEDI for Women) is an activist organization made up of low-income women and their allies that addresses public policy issues which impact low-income women and their families. The organization surveyed child care providers to better understand the issues of low-income parents making the transition from welfare to work. Over 100 licensed child care providers across Utah were interviewed on the availability of care and child care slots, the hours of service, state reimbursement and regulation, cost of care, providers' policies and procedures, quality of care, economic status of child care providers, and providers' biggest unmet "need." Results showed: (1) a significant deficit in the number of child care slots available; (2) available care is not, on average, affordable for low-wage workers; and (3) child care workers receive very low wages and seldom receive benefits. The case of a single mother of two children is included to illustrate the need for affordable child care for low income families. Recommendations for public policy are provided. (JPB)

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Caring for Our Children

A survey of child care providers in Utah

J.E.D.I. for Women
April 1998

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INTRODUCTION

About JEDI for Women

Justice, Economic Dignity and Independence for Women (JEDI for Women) is a five year old, activist organization made up of low-income women and their allies. JEDI for Women works to address the public policy issues which impact low-income women and their families, and works to provide the resources necessary for survival to these women. Founded in 1992 by a small group of low-income women and funded under the umbrella of Crossroads Urban Center, JEDI for Women is now an independent non-profit organization with offices located in the Rose Park area of Salt Lake City. JEDI for Women works to address public policy issues relating to access to education and job training, health care, affordable housing and child care. In addition, JEDI for Women sponsors: "My Sister's Closet" a program where low-income women can receive outfits of gently used professional clothing for jobs and job interviews; "The Street Law Project," a legal clinic where low-income women can get free advice about legal problems; a career library; and an on-site child care facility.

Why We Conducted the Survey

Access to child care is often the critical missing step in the ladder for families working toward economic security. Issues such as affordability, hours that care is available, and quality of care, are significant for all families with parents who work outside the home, but are particularly critical for low-income families, especially those headed by a single parent.

We conducted this survey of child care providers to better understand the issues of accessibility, affordability and appropriateness of care. We also wanted to put these child care issues in the context of the recent changes in the welfare system. We wanted to determine the availability of care for low-income parents making the transition from welfare to work, or who are trying to stay off welfare in the first place. Child care resources are a key component of welfare reform and poverty prevention as demonstrated by the fact that approximately 7,000 Utah families with approximately 14,000 children receive this assistance. According to state officials the need for help is still not being met.[1]

Survey Methodology

The survey instrument was designed by the staff and members of JEDI for Women. The survey was conducted by students from the University of Utah's School of Social Work. Between May and June of 1997, these students interviewed 125 licensed child care providers across Utah. The interviews were conducted over the phone. All of the providers interviewed provided care through a child care "facility" as opposed to "home care" which may also be licensed, but which provides care on a much smaller scale.

[1] Conversation with Cathie Pappas, Program Specialist, Utah State Department of Workforce Services, 2/19/98.

SURVEY RESULTS

Availability of Care

The total number of slots provided by the providers who were interviewed was 9,513. This represents approximately 27% of the total slots available in Utah.[2] According to 1990 census data over half (57%) of Utah families with children under the age of 13 were headed by two parents in the workforce, or by a single parent who worked outside the home. All indicators point to growth in the number of children who need child care in Utah and in 1990 well over half a million Utah children needed this care so their parents could work. It is reasonable to assume that this number has grown substantially since 1990, yet the providers we interviewed paint a picture of child care that is in short supply and available only during limited hours.

The Shortage of Child Care Slots

One of the most alarming findings of the survey pertains to the shortage of available child care slots. Of the 9,513 slots provided by the child care facilities in the survey, only 70 slots, or **.7% of the total number of slots,** were reported to be currently available for children between 1 and 24 months old; 168 slots, or 1.76% , were available for children ages 2 to 3 years; 227 slots, or 2.3%, were available for children ages 4 to 5 years; and 332 slots, or 3.4%, were available for children ages 6 to 13 years old (see Table 1).

[2] Based on data reported in the *Utah Child Care Public Education Project Report*, 1995.

Over all, 70 providers, or 56% of those interviewed, reported that they had a waiting list for available slots within their facility. The average length of the wait was 5 months for 2-3 year olds, 4-5 year olds and 6-13 year olds.

Of the providers interviewed 63, or 50%, reported that they provided infant care. Of these providers, 67% (42 providers), reported having a waiting list for parents wanting infant care. The average length of the waiting list was 7.5 months.

The length of waiting lists, combined with the limited number of slots available does not bode well for those who have the least flexibility within the child care market. Low-income single parents attempting to leave the welfare system are among this group. These parents face significant time pressure as they seek employment within the 36 month "life-time" limit of their eligibility for assistance. Should they find work, expedited access to affordable child care is a necessity of economic survival. These parents and their children can not afford to wait for slots to become available.

Table 1.

Age of Child	**Total Number of Available Slots**	**Length of Waiting List**
Newborn - 24 months	70 (.7%)	7.5 months
2 -3 years old	168 (1.76%)	5 months
4 - 5 years old	227 (2.3%)	5 months
6 -13 years old	332 (3.4%)	5 months

Limited Hours of Service

One hundred and thirteen providers reported providing care Monday through Friday, primarily between the hours of 6:00 AM and 6:00 PM. Only 12 providers reported that they offered care on Saturdays, only one offered care on Sundays and *only one offered evening care until 1:30 AM.*

The limited hours offered by child care providers creates a problem for many low-income workers who are often likely to work outside of traditional 9 AM - 5 PM hours. For example, low-income workers in the service industry often work in shifts - some of which go into evening hours. Expanding the number of child care centers with weekend and evening hours would also expand the employment options for low-income working parents.

State Reimbursement and Regulation

Ninety-one of the providers interviewed, or 73%, reported that they accepted state paid children. Of these, the numbers of state paid children within each facility varied considerably from 23 providers who reported that 50% or more of the children they cared for were state paid, to 23 providers reported that less than 20% of children they cared for were state paid. Fourteen providers reported that the percent of state paid children they cared for was between 20-25%.

Currently the state will only provide child care assistance to families whose income is at 56% of the state median income. For a family of three income at

56% of the state median would amount to $1,760 per month.[3] Under the new federal welfare block grant program the state is allowed to provide a subsidy to families whose income is at 85% of the state median. This would be $2,714 for a family of three in Utah. Unfortunately, Utah has chosen not to exercise this option, thus the state is severely limiting a tool to help low-income families become more economically stable.

Twelve providers reported that they received rural reimbursement rates for state paid children and 55 providers reported that they received urban rates. The remainder did not know the difference between the two. Clearly there was a great deal of confusion among providers about the difference between rural and urban state reimbursement rates. When asked specifically about the difference in these rates, 17 providers reported that they didn't know. This is not surprising considering the variability between rural rates depending on the cost of care in the area.

The majority of providers were comfortable with the level of state regulation applied to their child care center - reporting that they thought it was "just about right." Twenty-five providers, or 20% of those surveyed, felt that Utah "over regulates" child care facilities and 6 providers felt that child care facilities were under regulated. Of the providers who were concerned with over regulation, most said they felt the rules were too arbitrary and subject to interpretation by the person inspecting their facility. They also expressed concern about being able to meet the requirements of licensing with their limited budgets. The respondents who expressed the view that child care

[3] After deducting the value of any Earned Income Tax Credit the family might receive and $100 for

facilities were under regulated focused primarily on issues relating to quality of care.

Cost of Care

The cost of child care is a significant issue for low income parents attempting to move from welfare to work, as well as for those who have already made the transition. In fact, one of the most frequent causes of job loss among low-income single parents is a break down in child care arrangements, which frequently is caused by an inability to pay for the care. Table 2 shows the average hourly and monthly costs of care by the age of the child. The average reported hourly cost of care for children between the ages of 0-24 months was $2.43 per hour, for children between 2-3 years it was $2.17 per hour, for children between 4-5 years it was $2.16 hour and for children between 6-13 years it was $2.05 hour.

Table 2 also shows what those costs would be as a percent of the income of a single parent working a $6.60 per hour job. It is clear that younger children present a greater financial burden in terms of child care costs. **Child care for a child under 24 months old would consume 38% of the income of a single parent earning $6.60 per hour.** However, it is also clear when we look at the very low wages that child care providers make (on average $5.21 per hour) that lowering the market cost of child care is not realistic, or beneficial for children or providers. It is in situations such as this, when the market place on its own can not address a policy problem, that government intervention is warranted.

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medical costs.

Table 2.

Age of Child	Average Hourly Cost	Average Monthly Cost	Cost as Percent of Income for Single Parent Earning $6.60/hr full-time
0-24 months	$2.43	$388	38%
2-3 years old	$2.17	$347	33%
4-5 years old	$2.16	$345	33%
6-13 years old	$2.05	$164 (half time)	16%

Only 15 providers reported that they had a "sliding scale" for payment, and only two of these providers reported that it was based on income. The remainder described providing slightly reduced rates for parents who had two or more children at the child care facility.

Provider's Policies and Procedures

Over 80% of the providers interviewed reported that they would terminate a child care contract based on non-payment and another 30% reported that they would terminate a child care contract based on the behavior of the child - specifically if the child posed a risk to other children in the facility.

Forty-four providers, or 35% of those surveyed, reported that there were reasons they would not accept a child. Fifteen providers specifically stated they would not accept a "handicapped" child into their facility. The emphasis on not accepting "handicapped" children is cause for concern and raises a whole set of issues about the child care options available to low-income parents and others who have disabled children. Other providers stated

behavioral issues such as aggressive behavior or the child not being "potty" trained, as reasons for refusing to accept a child.

One hundred and sixteen providers, or 93% of those surveyed, reported that they accepted children with behavioral problems. The reported ways they dealt with these problems included:

- training in dealing with behavioral disorders such as ADD;
- working with the child and the child's parents;
- time out;
- medication (in reference to ADD and ADHD); and
- referral to an agency that provides counseling.

One hundred and fourteen providers, or 91%, reported that they accepted children with medical problems. Procedures for medical emergencies consisted mostly of calling the parents or 911 depending on the severity of the situation. Over half of the providers specifically cited the CPR/first aid certification of staff as one of their tools to address medical emergencies.

Quality of Care

All of the providers interviewed provided food to the children in their center and 98% provided lunch. The meal least likely to be provided was dinner, which was only offered by 8% of providers and only those with longer hours. Seventy-one of the providers, or 57%, reported that they were participating in a local Child Care Food Program (where the provider gets partially reimbursed for providing food that meets certain nutritional criteria). Only five providers reported that they were not participating in such a program and

would like more information. This suggests that more information about this program needs to be disseminated.

One hundred and three providers, or 82%, reported that they provided after school care and 84 providers, or 64%, reported that they provided transportation to and from school.

Economic Status of Child Care Providers

It is clear from the responses to the survey, that child care providers are among the lowest paid employees in the state - probably second only to fast food workers - yet most people would argue that you need more skills to appropriately care for and teach a child than you do to cook a hamburger. Certainly we recognize this in our elementary school system where we require college degrees and teacher certification, so the obvious question is why don't we recognize it in our child care system?

Here are the startling facts:

- Only 49 providers offered health insurance benefits to employees.
- The average entry level wage reported was $5.21 per hour.
- The average highest wage reported was $7.52 per hour.

The irony is that both the lowest *and* highest paid workers receiving these hourly wages would be eligible themselves for state child care assistance

The Importance of Child Care for Low-Income Working Parents:
Jennifer's Story

Jennifer is 29 years old and the mother of two little girls whose ages are 3 and 5. She has been divorced for one year and has not received any child support from her ex-husband. In fact she says, "I don't even know where he is, I haven't seen or heard from him since the divorce." Prior to getting divorced, Jennifer worked part time as a Medical Technician in the Emergency Room of Salt Lake City's St. Mark's Hospital. She says, "I didn't have to worry about child care, because I worked evenings when my husband was at home."

After the divorce Jennifer needed to work full time in order to support her children. Even though she has a college degree, she only makes $11.19 per hour as a Medical Technician. In order to have more time with her children she works three twelve hour shifts from 11:00 A.M. to 11:00 P.M., three days a week.

Jennifer's child care costs are $245 per month for her 3 year old and $240 for her 5 year old, for a total monthly child care bill of $485. Her rent is $530 per month and her monthly "take home" income is $1,120. Jennifer's child care expenses consume almost half of her income. Her finances were so tight she says, "I ended up using a credit card to pay a couple months of rent because I had to buy food - I was so frustrated I felt like giving up."

Not only was it difficult for Jennifer to pay for her child care, but she also had a hard time finding child care she felt comfortable with. She says, "I went to four or five homes - three were booked and the other one I didn't feel comfortable with. Finally, I ended up taking my kids to two different day care centers, before I found one I liked – Children's Corner."

Because of the difficulty Jennifer was having paying her child care bills she called the Department of Workforce Services last November to inquire about child care assistance. "I called and was told it wouldn't even be worth my time to come in because I make too much money," she says, "Then my friend applied and she only makes a dollar an hour less than I do and has only one child and she got help - so I decided to go back. It took them three months to process my case – they said I was borderline in the gray area in terms of whether they would help me or not. Finally, I was so frustrated I called my case worker's supervisor and within a week my case was processed." Jennifer now receives help paying her child care bill, with her portion being reduced from $485 to $281 per month.

Finally Jennifer says, "The assistance I get helps a lot but they need to find a bracket for people in my situation – who make too much to qualify for other assistance. I work my butt off, but I know there are moms staying home with their kids who get more help than I do - it feels like people who don't do anything get rewarded. Sometimes I've thought about being home with my kids - I could be home with my kids on welfare if I quit my job. If we want women to work and not be on welfare we need to give them child care assistance."

(under the 56% of median income guideline for a family of three) and would have poverty level incomes.

What Child Care Providers Describe As Their Biggest Unmet "Need"

Not surprisingly the greatest area of concern for child care providers revolves around the issue of low-wages and employee turnover. Twenty-four of the providers interviewed specifically mentioned that they felt child care providers were paid wages that are too low. This was often described as leading to high employee turn over and an inability to attract "qualified" people as teachers. Twenty-four providers mentioned issues relating to teacher retention and training as a concern, and another 10 specifically mentioned the lack of benefits for employees. Several respondents suggested that the state create an insurance pool for child care providers so that health insurance benefits would be more widely available for these providers.

Another area of concern reported by providers relates to issues of equipment and space. Fifteen providers mentioned a lack of space and/or materials and equipment needed to provide care for the children as their biggest unmet need. Finally, eight providers commented specifically on inequities in the licensing system as their biggest concern. Some of these providers felt the state reimbursement rate was too low, some felt that the licensing system was arbitrary and subjective and some felt that it was too stringent.

SUMMARY & RECOMMENDATIONS

Welfare Reform and Child Care Assistance

The results of this survey raise serious implications for the long term success of efforts to move parents from welfare to work and the likelihood of their ability to stay off welfare and achieve economic stability over the long term. There are three main areas of concern which must be addressed to overcome these obstacles:

1. **Accessibility** - our survey shows a significant deficit in the number of child care slots available. The most serious shortage exists within the category of care for children from 0 - 24 months old. In this category only .7% of the slots of providers interviewed were available at the time the interviews took place. The situation was not much better for the 2-3 year old category where only 1.7% of the slots were available. The 6-13 year old category had the largest number of available slots, but it still only had 3.4% of the total slots open. These numbers point to the continuation of a critical shortage of child care.

2. **Affordability** - clearly the care that is available is not, on average, affordable for low-wage workers. For example, a low-wage worker earning $6.60 per hour would end up paying on average, 38% of her income for infant/toddler care and 33% of her income for the care of a 2-3 year old. Given other constraints of life in Utah - such as a lack of

affordable housing, it becomes clear that a parent in this situation would not be able to survive economically.

3. **Appropriateness** - child care workers work for extraordinarily low-wages - on average $5.21 per hour. In addition they seldom receive benefits such as health insurance. Yet, we entrust our children to these individuals. The low wages and lack of benefits for child care workers are not conducive to the provision of appropriate, quality care and need to be addressed. Finally, the operation of many child care centers is so marginal in terms of profit that they can not provide the basic equipment and materials for the children.

Recommendations:

- The affordability of child care can be increased by expanding the eligibility for child care assistance to the full 85% of the state median income based on family size.

- Provide additional tax relief to families to increase the affordability of child care by amending the Dependent Care Tax Credit (DCTC) in the following ways:
  a. expanding to $30,000 the income level at which families become eligible for the maximum tax credit;
  b. raising the maximum percentage that parents can deduct of their child expenses to 50%; and

c. extending DCTC eligibility to families with a stay-at-home parent.

- The state should work with child care providers to create a health insurance system for child care workers so that they have access to health care benefits.

- The state and federal governments should renew their efforts to ensure quality child care for all children by establishing a new grant program which would help child care centers achieve excellence in the care they provide.

- The state and federal governments should work with employers to sponsor the development of model on-site or near-site child care facilities that address issues such as care for disabled children, more flexible hours, innovative programming and appropriate compensation of child care workers. This can be accomplished by creating a tax credit program for employers who construct, renovate or operate on or near-site model facilities.

- The state and federal governments should encourage small businesses to develop child care programs for their employees through the creation of a small business child care grant program.